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Agnew-Surpass

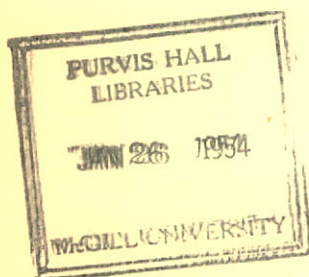
SHOE STORES LIMITED

BRANTFORD - ONTARIO



TWENTY-SECOND ANNUAL REPORT

For the Year Ended
MAY THIRTY-FIRST
1950



AGNEW-SURPASS SHOE STORES, LIMITED

BOARD OF DIRECTORS

LEETA L. BAUSLAUGH	K. R. GILLELAN
J. L. EDMONDSON	R. KARN
H. H. GIBAUT	W. D. MUIR
R. F. WHITBY	

OFFICERS

R. KARN
President and General Manager

K. R. GILLELAN
Vice-President and Secretary-Treasurer

W. D. MUIR
Assistant Secretary-Treasurer

REGISTRAR and TRANSFER AGENTS

NATIONAL TRUST COMPANY LIMITED

BANKERS

BANK OF NOVA SCOTIA

AUDITORS

THORNE, MULHOLLAND, HOWSON & McPHERSON

DIRECTORS' REPORT

To the Shareholders of

Agnew-Surpass Shoe Stores, Limited:

Submitted herewith are consolidated balance sheet, statement of earned surplus and profit and loss of the Company and wholly owned subsidiary for the year ended May 31, 1950, and comparison with the preceding year.

Total volume of business for the fiscal year ended May 31, 1950, was \$9,986,411. After eliminating inter-company sales, sales amounted to \$9,308,716 compared with \$9,074,335 for the previous year which is an increase of \$234,381 over the sales of the previous year, and were the highest in the company's history.

Consolidated net earnings amounted to \$455,593 or \$1.13 per share on the common stock after provision for taxes on income, as compared with \$520,365 or \$1.29 per share for the preceding year. Depreciation on fixed assets has been calculated at rates allowable under recently revised income tax regulations and amounted to \$109,927 which is an increase of \$42,939 over the amount provided for the previous year.

Four quarterly dividends of 15 cents per share aggregating \$241,766 or 60 cents per share were paid during the year.

Current assets at the end of the fiscal year were \$3,943,961 and current liabilities were \$1,200,976, resulting in a net working capital of \$2,742,985. This is an increase of \$109,486 over the previous year as summarized below:

Net earnings for the year	\$ 455,593
Provision for depreciation	109,927
Refundable excess profits tax, receivable March 31, 1951	75,044
	\$ 640,564
Deduct funds expended during the year:	
Plant, machinery, etc., furniture and fixtures and improvements to leasehold properties	\$ 289,312
Dividends	241,766
	531,078
Increase in working capital	\$ 109,486

AGNEW-SURPASS SHOE STORES, LIMITED

New stores were opened at Montreal, Newcastle, New Toronto and Toronto. Also, new stores have been opened in Brantford and Windsor, Ontario, replacing former locations. One store in Sudbury was closed during the year. As of May 31 last, 92 stores were in operation. Leases have been signed for two additional locations.

Wage costs were substantially higher during the fiscal year and the cost of materials remained very firm. Pairage production for the entire shoe industry during the past few months has declined although the production of your wholly owned subsidiary, The John Ritchie Company, Limited, has been maintained at a high level. Retail sales for the industry across Canada during the late winter and spring season have not equalled those of the previous year resulting in increased inventories throughout the trade which was partially due to unseasonable weather. Retail occupational costs continue to increase.

At the close of the year, your company had a total of 1,074 shareholders. The number of employees of the company and subsidiary was 1,173, many of whom hold shares of the company.

The directors wish to express their sincere gratitude to the employees of the company for their continued loyalty and fine spirit of co-operation during the past year, which is traditional with this company.

The accounts and records of the company have been audited by Messrs. Thorne, Mulholland, Howson and McPherson, Chartered Accountants, Toronto, Ontario, and their report is presented herewith.

On behalf of the Board.

ROY KARN,
President.

Brantford, Ontario,
July 7, 1950.

AGNEW-SURPASS SH

AND ITS WHOLLY

THE JOHN RITCHIE

(Both Incorporated under the

Consolidated

ASSETS

	May 31, 1950	May 31, 1949
Current Assets:		
Cash on hand and in banks	\$ 109,146	\$ 230,670
Accounts and bills receivable, less reserve for doubtful accounts	540,861	552,050
Merchandise inventories, determined by physical stocktaking for subsidiary company and book inventories, periodically verified, for stores and warehouses, and valued at the lower of cost or market as certified by the management	3,208,143	2,971,753
Refundable portion of excess profits tax due within a year	75,164	78,767
Prepaid expenses and accrued revenue	10,647	14,897
	<u>\$ 3,943,961</u>	<u>\$ 3,848,137</u>
Life insurance and fire insurance deposits	\$ 20,307	\$ 19,150
Refundable portion of excess profits tax due 1952	\$ 62,903	\$ 137,947
Fixed assets at depreciated values as appraised by Canadian Appraisal Company, Limited in 1928, plus subsequent additions at cost less disposals (except for lasts, dies and patterns which are shown at nominal value):		
Land	\$ 67,615	\$ 67,615
Buildings	230,620	230,409
Plant, machinery, etc.	179,738	160,470
Furniture and fixtures	486,046	412,200
Improvements to leasehold properties	346,634	183,476
Advance payment on store lease	27,000	
Lasts, dies and patterns	33,000	33,000
	<u>\$ 1,370,653</u>	<u>\$ 1,087,170</u>
Less reserve for depreciation	653,756	548,502
	<u>\$ 716,897</u>	<u>\$ 538,668</u>
Patents under lease and producing revenue	\$ 15,000	\$ 15,000
	<u>\$ 4,759,068</u>	<u>\$ 4,558,902</u>

Approved: ROY KARN H. H. GIBAUT
 Directors of Agnew-Surpass Shoe Stores, Limited.

SHOE STORES, LIMITED

OWNED SUBSIDIARY

COMPANY, LIMITED

(Incorporated in the Dominion of Canada)

Balance Sheet

LIABILITIES

	May 31, 1950	May 31, 1949
Current Liabilities:		
Accounts payable	\$ 748,743	\$ 664,336
Accrued wages and expenses	169,865	185,010
Provision for taxes on income, etc.	221,926	304,849
Dividend payable	60,442	60,442
	<u>\$ 1,200,976</u>	<u>\$ 1,214,637</u>
Bank loan of deferred maturity	\$ 500,000	\$ 500,000
Fire insurance reserve	<u>\$ 25,818</u>	<u>\$ 25,818</u>
Capital stock and surplus:		
Capital stock:		
Authorized, 600,000 common shares of no par value		
Issued, 402,944 shares	\$ 957,656	\$ 957,656
Earned surplus	2,074,618	1,860,791
	<u>\$ 3,032,274</u>	<u>\$ 2,818,447</u>
	<u>\$ 4,759,068</u>	<u>\$ 4,558,902</u>

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the above consolidated balance sheet of Agnew-Surpass Shoe Stores, Limited, and its subsidiary company as at May 31, 1950, and the related consolidated statement of profit and loss and earned surplus for the year then ended. In connection therewith we examined the accounting records of the companies and other supporting evidence and obtained all the information and explanations we required. We also made a general review of the accounting methods and of the operating and income accounts for the year.

On the basis of this examination, we report that, in our opinion, the above consolidated balance sheet is properly drawn up so as to exhibit a true and correct view of the combined state of affairs of the companies as at May 31, 1950, and the related consolidated statement of profit and loss and earned surplus presents fairly the results of the combined operations of the companies for the year then ended, according to the best of our information and the explanations given us, and as shown by the books.

THORNE, MULHOLLAND, HOWSON & McPHERSON,

Toronto, Canada, July 7, 1950.

Chartered Accountants.

AGNEW-SURPASS SHOE STORES, LIMITED
AND ITS WHOLLY OWNED SUBSIDIARY
THE JOHN RITCHIE COMPANY, LIMITED

Consolidated Statement of Profit & Loss
and Earned Surplus

	Year Ended	
	May 31, 1950	May 31, 1949
Net operating profit for year, after deducting remuneration of executives and legal fees (\$126,868 for the 1950 period), but before taking into account the following charges	\$ 885,880	\$ 909,191
Deduct:		
Provision for taxes on income	\$ 320,000	\$ 321,453
Provision for depreciation	109,927	66,988
Directors' fees (other than executives)	360	385
	<u>\$ 430,287</u>	<u>\$ 388,826</u>
Net earnings for year	\$ 455,593	\$ 520,365
Earned surplus at beginning of year	1,860,791	1,577,566
	<u>\$ 2,316,384</u>	<u>\$ 2,097,931</u>
Deduct:		
Dividends on common stock	\$ 241,766	\$ 229,678
Adjustments relating to prior periods		7,462
	<u>\$ 241,766</u>	<u>\$ 237,140</u>
Earned surplus, as per balance sheet	<u>\$ 2,074,618</u>	<u>\$ 1,860,791</u>

AGNEW-SURPASS SHOE STORES, LIMITED

ONTARIO

Barrie	London	Toronto
Belleville	Midland	563 Bayview Ave.
Brantford	Napanee	952 Bloor St. W.
166 Colborne St.	New Toronto	2980 Bloor St. W.
22 Market St.	Niagara Falls	505 Danforth Ave.
Brockville	515 Queen St.	686 Danforth Ave.
Chatham	1904 Main St. So.	2040 Danforth Ave.
Cobourg	North Bay	2948 Dundas St. W.
Dunnville	Orillia	1895 Eglinton Ave.
Fort William	Oshawa	992 St. Clair Ave. W.
Galt	Ottawa	1232 St. Clair Ave. W.
Goderich	Peterborough	252 Yonge St.
Guelph	330 George St.	729 Yonge St.
Hamilton	385 George St.	1425 Yonge St.
79 King St. E.	Port Colborne	2512 Yonge St.
5 Market Sq.	Sarnia	3430 Yonge St.
272 Ottawa St. N.	Sault Ste. Marie	Wallaceburg
Ingersoll	Simcoe	Welland
Kingston	Stratford	Whitby
Kitchener	Sudbury	Windsor
Leamington	St. Catharines	1356 Ottawa St. E.
Lindsay	St. Thomas	357 Ouellette Ave.
Listowel	Timmins	1528 Wyandotte St. E.
		Woodstock

QUEBEC

Chicoutimi	Quebec	Rouyn
Montreal	10 St. John St.	Val d'Or

897 St. Catherine St. W.
1011 St. Catherine St. W.

NEW BRUNSWICK

Campbellton
Fredericton
Moncton
701 Main St.
906 Main St.
Newcastle
Saint John
677 Main St.
187-189 Union St.
St. Stephen

NOVA SCOTIA

Antigonish
Amherst
Glace Bay
Halifax
391 Barrington St.
251 Gottingen St.
New Glasgow
Springhill
Sydney
Truro
Windsor

PRINCE EDWARD ISLAND

Charlottetown

ALBERTA

Calgary

MANITOBA

Winnipeg
608 Main St.
338 Portage Ave.

CANADA'S GREATEST CHAIN SHOE STORES

